

REQUESTOR NAME: **BC Sustainable Energy Association and Sierra Club BC**
INTERVENER INFORMATION REQUEST ROUND NO: 1
TO: **FortisBC Inc. (FBC)**
DATE: **February 8, 2018**
PROJECT NO: **3698820**
APPLICATION NAME: **FortisBC Inc. Self-Generation Policy Stage II Application**

1.0 Topic: Arbitrage/risk to other customers

Reference: Exhibit B-1,

1.1 In FortisBC's view, do the Self-Generation Guidelines prevent arbitrage of embedded cost power while allowing the building and/or use of cost-effective incremental clean and renewable self-generation?

1.1.1 Does the response differ if the phrase "mitigate the risk to other ratepayers" is used in place of "prevent arbitrage"?

2.0 Topic: Net Metering Program

Reference: Exhibit B-1, 2.4.1 Eligible Customers, p.13, pdf p.18

3 On Page 104 of the New PPA Decision the Commission specified that, "...*FortisBC must*
4 *establish Self-Generating customer polices for current and future customers at distribution and*
5 *transmission voltage.*"

6 Customers beneath a minimum threshold are not eligible for this policy as their situations are
7 already addressed elsewhere. As the Commission noted in its reasons for decision that are
8 Appendix A to Order G-32-15 (from the Stage I procedural conference):

9 The Panel notes that FortisBC has policies to deal with customers who would fall
10 under the net-metering generation cap of 50 kW. All parties who addressed this
11 issue at the Procedural Conference were in agreement that any GBL Guidelines
12 should apply to both transmission and distribution customers consistent with
13 Oder G-60-14. **The Panel is in agreement with the applicability of any GBL**
14 **Guidelines to both transmission and distribution customers with the caveat**
15 **that it should only be applied to customer generation facilities of over 50**
16 **kW. [underline added]**

2.1 Please confirm that the FBC Self-Generation Policy does not apply to customers participating in the FortisBC Net Metering Program with its generation cap of 50 kW.

2.2 Please discuss whether the FBC Self-Generation Policy would create barriers to increasing the Net Metering Program generation cap above 50 kW, say, for example to 75 kW or 100 kW.

3.0 Topic: IPPs

Reference: Exhibit B-1, p.2, pdf p.7

"It is also understood that the discussion herein does not apply to Independent Power Producers (IPP) that do not also have an industrial load because where no load is served by the generator no benefits accrue to other customers of FBC.³

³FBC recognizes that an IPP may provide some system benefits such as local voltage support; however, an IPP lacks a utility-customer relationship where such benefits can be recognized."

- 3.1 Please confirm that the FBC Self-Generation Policy does not apply to Independent Power Producers.

4.0 Topic: Stand-By Billing Demand
Reference: Exhibit B-1, pp.4-5

FBC says that Stand-By Billing Demand is the appropriate mechanism for a self-generation customer not making third party sales, or doing so only after offsetting its own load, to receive a share of the net-benefits attributable to its self-generation. To receive this share of the net benefits of self-generation the customer must be taking service under either a GBL (or what FBC calls a Self-Supply Obligation) or FBC's Stand-By Rate. FBC states:

"If a customer has an SSO, it would not also have an SBBD reduction although the customer may still take Stand-by Service. To reduce the SBBD for a customer with an SSO would count the net benefits twice over in the customer's favour.

FBC believes that the remaining customer situation, where a customer chooses to be served on a net-of-load basis and does *not* elect to be on the Stand-by rate, would mean that customer would receive no recognition of any benefits that it may provide. The customer retains the option to participate in one of the means that FBC provides of accessing the sharing of net benefits, via the SSO and SBBD mechanisms, should the customer wish to do so." [underline added]

- 4.1 When FBC refers to a self-generating customer receiving a share of the net benefits of its self-generation through the mechanism of the Stand-By Billing Demand does this mean a reduction in the rate for SBBD for Stand-By Service? A reduction in the SBBD without a corresponding reduction in the amount of standby service provided?
- 4.1.1 How is SBBD a determinant of the charge for Stand-By Service? Is there a \$/kW rate? A ratchet?
- 4.2 Under what circumstances would a self-generation customer choose not to receive Stand-By Service? If the customer's own generation was not available, would FBC provide service to meet the load that would otherwise have been met by the customer's generation even though the customer does not have Stand-By Service?
- 4.3 What does FortisBC mean when it says that the Stand-By Billing Demand is "typically the difference between the customer's maximum load and its Contract Demand"?

5.0 Topic: Net benefits of self-generation
Reference: Exhibit B-1, 4. RECOGNIZING THE NET BENEFITS OF SELF-GENERATION, p.19

The term “net benefits of self-generation” has been used frequently. For example, the Commission’s IR 1.2.1 [Exhibit A-3] states that the Stage I Decision says that FortisBC’s “comprehensive SGP” must, among other things”

“5. Establish a policy that defines how the net benefits of self-generation are measured. The filing needs to include an analysis of alternate methods of measuring the long-term benefits of self-generation including, at a minimum, consideration of: (i) the LRMC used by BC Hydro; (ii) the LRMC used in the DSM Regulation; and (iii) [FBC]’s updated LRMC that is expected to be filed as part of its next Long Term Electric Resources Plan (due to be filed by June 30, 2016);” [underline added]

- 5.1 Please explain what FortisBC understands to be the meaning of the term “net benefits of self-generation.” What are the “benefits”? What are the costs? Please specify the point of reference for these benefits and costs, e.g., the public, the self-generating customer, the utility, ratepayers.
 - 5.1.1 Are the benefits, costs and net benefit defined in financial terms? Or do they have qualitative components?
- 5.2 In FortisBC’s view, is the term “net benefits” of self-generation free of ambiguity? Is FortisBC confident that the Commission’s meaning of “net benefits of self-generation” is the same as FortisBC’s?
- 5.3 Has FBC addressed how the net benefits of self-generation (however defined) would be determined quantitatively?
- 5.4 When FBC refers to a self-generation customer receiving a share of the net benefits of self-generation is the concept that the net benefits are specific to the customer’s circumstances or generic for all customer self-generation?
 - 5.4.1 Is the concept that the net benefits of self-generation persist at the same level over time or that they vary from time to time?
- 5.5 Would FBC agree with the proposition that the benefits, costs and net benefits of customer self-generation can be expected to vary over time depending on factors such as capital and operating (including fuel) costs of the self-generation facility, utility rates, customer access to potential third-party purchasers, the utility’s load-resource balance, market prices, and so on?
- 5.6 In FBC’s view, is it possible to define at a conceptual level a net benefit of customer self-generation that would remain fixed over time? If so, what is the definition?

6.0 Topic: Applicability to Wholesale Customers
Reference: Exhibit B-1, p.14

“...In the opinion of FBC there has been insufficient exploration of the potential application of the SGP to Wholesale customers, which have distinct issues, to

conclude that an outcome of this Application will be a SGP that applies universally. To be clear, the Company is not opposed to the future consideration of such issues, but believes that the application of the SGP currently being considered to Wholesale customers is beyond the intended scope of the current process. It may be that discussion of the situation of Wholesale customers could be informed to some extent by practice under the SGP, though if ultimately made applicable it would need to be adjusted to address their distinct issues.”

- 6.1 In FBC’s view, what are the distinct issues that arise regarding the potential application of the Self-Generation Policy to FBC’s Wholesale customers? Please provide examples.